

**REVIEW OF THE
FEDERAL SUPPLY SERVICE'S
QUICK-MOD PROGRAM
REPORT NUMBER A060029/F/A/V06004
APRIL 6, 2006**



U.S. GENERAL SERVICES ADMINISTRATION
Office of Inspector General

Date: April 6, 2006

Reply to: Deputy Assistant Inspector General for
Attn of: Acquisition Audits (JA-A)

Subject: Review of the Federal Supply Service's Quick-Mod Program
Report Number A060029/F/A/V06004

To: G. Martin Wagner
Acting Commissioner, Federal Supply Service (F)

This report presents the results of our review of the Federal Supply Service's (FSS) Quick-Mod Program. We concluded that the Quick-Mod Program should not be expanded beyond the current test group since it cannot guarantee customers fair and reasonable prices. Improvements can be made to ensure that programmatic controls are strengthened and tracked by management. FSS should develop a single point of entry system to ensure that Quick-Mod data is entered and easily verified. In addition, FSS needs to institute policies to effectively manage contractors who make repeated mistakes and those who blatantly abuse the Quick-Mod Program. Lastly, FSS needs to establish supervisory review and third party or quality control reviews.

If you have any questions regarding this report, please contact me on (703) 603-0189.

A handwritten signature in black ink, appearing to read "William D. Anthony".

William D. Anthony
Audit Manager
Acquisition Programs Audit Office (JA-A)

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EXECUTIVE SUMMARY

Purpose

This review addressed whether effective management controls exist to ensure that the Federal Supply Service's (FSS) Quick-Mod Program provides best value to its Federal customers. The review also determined whether the Program should be expanded to additional Multiple Award Schedules.

Background

The Quick-Mod Program is an experimental policy within FSS's Information Technology Acquisition Center (FCI). It allows contractors to modify or add products to GSA Advantage!™ using the databases currently in place: Schedule Input Program (SIP), Electronic Data Interchange (EDI), and Contracting Officer's Review System (CORS). The Program is currently being tested on special item number (SIN) 132-8 under Schedule 70, which encompasses the purchase of IT equipment. When the Program was originally established, 27 contractors signed up to participate. Since then the Quick-Mod Program has been revised and the number of participating contractors has been reduced to 15.

Results-in-Brief

For review purposes we randomly selected ten contractors from the original list of 27 participating contractors for our sample, excluding four contractors that were used in an internal FSS review of the Program. We sampled one Quick-Mod for each of the ten contractors, and analyzed the sample's: (1) product descriptions to ensure that they met the SIN 132-8 requirement; and (2) prices to ascertain whether they were in accordance with the pricing discount or markup rates established in the Quick-Mod agreement. We found that a lack of management controls allowed incorrect prices and unauthorized products on GSA Advantage!™ to go undetected by COs. The review's results show that 80 percent of the ten Quick-Mods within the sample had pricing and / or product errors. This resulted in customers viewing prices and products that (1) are not based upon a contractually pre-negotiated rate, or (2) are not fair and reasonable since they exceeded the established pricing structure. Consequently, we conclude that FSS should not expand the Quick-Mod Program to other schedules.

Recommendations

We recommend that the Acting Commissioner of the Federal Supply Service: (1) develop a single point of entry database from which both contractors and COs respectively can use to enter and verify Quick-Mods; (2) perform an internal workload review to determine if it is reasonable to delegate Quick-Mod review duties to personnel other than COs; and (3) provide a standard methodology for the COs and / or other personnel, on how to perform Quick-Mod reviews.

Management Response

Management has reviewed the report and generally concurs with the report recommendations. (1) Management agrees that a single point of entry database is both necessary and feasible. (2) Management concurs with the need to perform an internal workload review and will discuss the option of personnel other than COs performing Quick-Mod review duties with legal counsel. (3) Management agrees that a standard methodology must be established and will work with the Office of the Chief Acquisition Officer (OCAO) to do so.

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INTRODUCTION

Background

Under the General Services Administration (GSA) Schedules (also referred to as Multiple Award Schedules - MAS) Program, GSA establishes long-term government-wide contracts with commercial firms. This provides access to over 10 million commercial supplies and services that customer agencies can order directly from GSA Schedule contractors or through GSA Advantage!^{TM1}. Under the MAS Program, a contractor is required to submit a modification proposal to the Contracting Officer (CO), who must review the proposal prior to contract modification approval. Contractors must submit their catalogs electronically via Electronic Data Interchange (EDI)² or the Schedule Input Program (SIP)³ to have it displayed on GSA Advantage!TM. Under the traditional contract modification process, contractors upload product catalogs onto SIP or EDI, which then transmits these files to the Contracting Officer's Review System (CORS)⁴. CORS then forwards the contractors' files to the appropriate CO for review and approval. After a CO has approved the contractor's product file, it is uploaded to GSA Advantage!TM. Currently, FSS is conducting a test program that would bypass the approval requirements found in the traditional contract modification process.

The Quick-Mod Program is an experimental policy within the FSS's Information Technology Acquisition Center (FCI). Quick-Mod's purpose is to allow contractors to modify or add products to GSA Advantage!TM without CO approval. Contractors can only do this within contractually established pre-approved catalog categories and pricing structures. FSS Acquisition Letter FX-03-6 instituted the Program on December 19, 2003 in response to the need of customers to have access to the most current information technology (IT) products. The Quick-Mod Program is not

¹ **GSA Advantage!**TM is the Federal Government's premier on-line catalog, information, and ordering system which gives Federal customers the ability to quickly search, compare and order those products and services which best meet their needs.

² **Electronic Data Interchange** (EDI) is the computer-to-computer exchange of business information using a public standard.

³ The **Schedules Input Program** (SIP) software can be downloaded from the GSA Vendor Support Center website. SIP is a client-side application that allows contractors to import/input then upload all contract and product data for inclusion on GSA Advantage!

⁴ The **Contracting Officer's Review System** (CORS) receives contractors' product files from SIP/EDI and uploads the data to GSA Advantage!TM. The Acquisition Operations and Electronic Commerce Center (FCS) and the Office of Federal Supply Service Information Systems (FI) are responsible for administering CORS.

a database and does not require any new software to be created or used by the General Services Administration (GSA). Instead, the Program works with databases that are currently in place: SIP, EDI, and CORS. The Program is being tested on one special item number (SIN) 132-8, under Schedule 70. SIN 132-8 encompasses the purchase of IT equipment and includes, but is not limited to: network equipment, laptop computers, notebook computers, storage devices, communications equipment, and printers. The Quick-Mod Program attempts to duplicate the momentum of the commercial IT market.

Participating contractors were required to sign a Quick-Mod agreement that authorized them to use the Quick-Mod Program for hardware products under SIN 132-8. Within the agreement the contractor provided its pricing structure, which is the markup or discount rates off cost or list prices. Once the agreement was signed, the contractor must enter its "baseline file" onto GSA Advantage!TM via SIP or EDI. This file contains all product descriptions and pricing for currently awarded products under SIN 132-8. Once the "baseline file" is submitted, contractors can begin sending Quick-Mod files flagged with a "TR" prefix to SIP / EDI. SIP / EDI transfers the "TR" file to CORS. CORS has been programmed to recognize that the "TR" file does not require CO approval before being placed on GSA Advantage!TM. CORS uploads the file onto GSA Advantage!TM (see *Appendix A*).

Each time contractors submit a Quick-Mod file, they must provide the CO with an electronic Quick-Mod spreadsheet itemizing the changes contained in the "TR" file (see *Appendix A*). The spreadsheet must include, but is not limited to: product name and model numbers; product description; cost or list price; markup or discount rate; the type of modification action (e.g., product addition, price increase, or price decrease); and the product price charged to customer agencies. One Quick-Mod may include modifications for an unlimited number of products, but is limited to one modification for each product within a single Quick-Mod. It is the CO's responsibility to review the information in the spreadsheets to verify that contractors are adhering to the Program guidelines and the pricing structure per the Quick-Mod agreement.

In 2004, twenty-seven contractors signed-up to participate in the Quick-Mod Program when it was first instituted. They were required to submit monthly Quick-Mod spreadsheets to COs, detailing all the changes that had occurred within that thirty day time period. Even though contractors could only make one modification per product in a Quick-Mod, they were not limited to the number of Quick-Mods that could be submitted in one day, week, month, etc. Consequently, there was no guarantee that the all the modifications listed in the spreadsheet were the most recent for the correlating product. Therefore, whenever a CO reviewed a product within a contractor's monthly spreadsheet, the selected product change might not have agreed to GSA Advantage!TM if subsequent modifications had been made. In 2005, the Commercial Acquisition Policy Branch (FXAMC) reviewed the Program and issued an unofficial report. Their review focused on four of the

participating contractors and disclosed that all four had price discrepancies and missing data in the Quick-Mod spreadsheets. Based upon their review, FCI met with the twenty-seven contractors and respective COs to clarify the Quick-Mod process, establish policy revision requirements, and introduce the current Quick-Mod submission format. The revision limited contractors to submitting one Quick-Mod file per week, and within two days of the Quick-Mod the contractors must provide an electronic spreadsheet detailing the changes for the COs' review. COs must verify that contractors only entered information for products authorized under SIN 132-8 and that they used prices based upon the contractual markup and / or discount rates. As of September 2005, 15 contractors signed the revised agreement, six contractors are still pending, five contractors withdrew from the Program, and one contractor was terminated from the Program.

Objective, Scope, and Methodology

The audit objectives were:

- (1) Do effective management controls exist over the Quick-Mod Program to ensure that GSA's Federal customers receive the best value; and if not, why?
- (2) Should Quick-Mod be expanded to include additional schedules; and if not, why?

To accomplish our objective, we spoke with cognizant FSS associates regarding the Quick-Mod Program. Additionally, we randomly selected nine out of the fourteen COs participating in the Quick-Mod Program to interview. We also examined the following documentation:

- ❑ FSS Acquisition Letter FX-03-6, Supplement 1;
- ❑ Contract Clause I-FSS-598;
- ❑ Federal Acquisition Regulation (FAR) 52.212-4(m);
- ❑ General Services Administration Acquisition Manual (GSAM) 552.215-71, "Examination of Records;"
- ❑ GSAM 552.243-72, "Modifications;"
- ❑ GSAM 552.238-75, "Price Reductions;"
- ❑ Internal document, "Quick-Mod Review Report," undated; and
- ❑ Internal document, "Quick-Mod Plan," dated June 2005.

For review purposes, we separated the 27 participating contractors into three categories (e.g., high, mid, and low) based upon their FY 2005 sales volume. The high sales volume category includes contractors with sales volumes over \$10 million; the mid sales volume category includes contractors with a sales volumes of \$1,000,001 to \$10 million; and the low sales volume category includes contractors with sales volumes up to \$1 million. We excluded the four contractors used in FXAMC's review when we randomly selected ten contractors for our sample. The sample's selection included four contractors from the high, four from the mid, and two from the low sales volume categories (see *Exhibit 1*). For each

contractor selected, we reviewed one Quick-Mod spreadsheet submitted during FY 2005. We examined the contractor's listed products, prices, and manufacturers under Quick-Mod.

Exhibit 1. Sample's Contractor FY 2005 Sales Volume		
Contractor	Dollar Sales Volume	Dollar Sales Volume Level
A	\$245,600,893	High
B	\$75,246,804	High
C	\$69,577,823	High
D	\$28,495,229	High
E	\$9,690,219	Mid
F	\$8,075,706	Mid
G	\$2,463,655	Mid
H	\$2,354,866	Mid
I	\$600,217	Low
J	\$73,580	Low

The number of products within each Quick-Mod spreadsheet ranged from ten to approximately 2,000 products. Of the ten contractors we selected in our sample, we tested 100% of the 1,955 products listed in eight Quick-Mod spreadsheets. Due to PDF formatting and missing data, we were unable to review 100 percent of the two remaining contractors' spreadsheets. Instead, we tested approximately ten percent of the 3,286 products listed. We reviewed a total of 2,109 products found in ten Quick-Mod spreadsheets.

The review assessed the price and product data contained in the spreadsheets and on GSA Advantage!™. We evaluated prices to ascertain whether they were in accordance with the pricing discount or markup rates established in the Quick-Mod agreement. We reviewed product descriptions to ensure that they met SIN 132-8 requirements. Using the discount / markup rate stated in the Quick-Mod agreement along with the cost / price listed in the contractor's spreadsheet, we determined the "price" that should be listed in GSA Advantage!™ as the customer price. We compared this customer price to the price listed on both the Quick-Mod spreadsheet and GSA Advantage!™.

Fieldwork was conducted within the Contract Management Center (FX) and the Office of Acquisition (FC) between October 2005 and January 2006. The audit was performed in accordance with generally accepted government auditing standards.

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RESULTS OF AUDIT

The Quick-Mod Program requires contractors to submit to GSA Advantage![™] accurately priced hardware products approved under SIN 132-8 to ensure that customers receive best value. We found that a lack of management controls allowed incorrect prices and unauthorized products on GSA Advantage![™] to go undetected. This resulted in customers potentially viewing products and prices that (1) were not based upon a contractually pre-negotiated rate, or (2) were not fair and reasonable since they exceeded the established pricing structure. The Program requires contracting officers (COs) to review those submissions on a sample basis, yet does not provide sufficiently detailed guidance on how to perform reviews. Clear guidance would help mitigate the risk of COs not being able to detect pricing errors and unauthorized products placed on GSA Advantage![™] by the contractors. Consequently, we conclude that FSS is not ready to expand the Quick-Mod Program to other schedules.

Management Controls

Internal Controls Assessment

COs are required to review Quick-Mods and are the single internal control mechanism to ensure that contractors are adhering to the Quick-Mod Program requirements. However, we found that the COs either did not effectively review the Quick-Mods or chose not to perform reviews at all. As a result of these conditions, 80 percent of the 10 Quick-Mods sampled had unauthorized products and / or incorrect prices. Consequently, customer agencies had access to products with non-negotiated prices via GSA Advantage![™]. The COs who performed Quick-Mod reviews did not detect unauthorized products and / or incorrect prices, because: (1) they did not sample products with these errors; (2) they sampled unauthorized products but did not assess the product descriptions; or (3) they sampled products with incorrect prices but relied on the contractors' incorrect calculations. In our opinion, supervisory oversight and review would help to ensure that COs were effectively reviewing Quick-Mods for product descriptions and prices.

Unauthorized Products

During the review, we analyzed ten Quick-Mod spreadsheets and corresponding GSA Advantage![™] data for compliance with the SIN 132-8 requirement. We found that six out of the ten Quick-Mods had unauthorized products. We determined that

the number of unauthorized products within each Quick-Mod file ranged between six and seventy percent. Of the six, four files had unauthorized products amounting to ten percent or more of the entire file's products (see *Exhibit 2*). We were able to group the unauthorized products into five major categories: software, licenses, maintenance, training, and miscellaneous. The miscellaneous category contained diverse non-hardware products that did not easily fit into the other four categories. Examples of some of the products that fell into this category include: 1-year, next business day on-site packages; overnight exchange warranty extension packages; multiple year onsite repair packages; multiple year subscriptions to software packages; and base service contracts. Thirty-seven percent of the unauthorized products were software, twelve percent were licenses, three percent were maintenance, six percent were training, and forty-two percent were miscellaneous products. When unauthorized products were listed on GSA Advantage!™, customers were viewing products for which there was no contractual pricing structure. Consequently, there is no guarantee that customers were viewing best value for these unauthorized products. COs need to carefully review product descriptions to ensure that unauthorized products are not allowed to stay on GSA Advantage!™.

Exhibit 2. Range of Unauthorized Products Contained in the Quick-Mod Submissions	
Range of Unauthorized Products within each Quick-Mod (Percent)	Number of Quick-Mod Files
6 - 9	2
10 - 30	2
31 - 60	1
61 - 70	1

Price Discrepancies

During the review, we analyzed ten Quick-Mod spreadsheets and corresponding GSA Advantage!™ data for adherence to the Quick-Mod agreement's contractual pricing structure. We found that six out of the ten Quick-Mods had prices listed on GSA Advantage!™ that exceeded the contractually agreed-upon pricing structure. When comparing what the price should have been to the price on GSA Advantage!™, we determined that the Quick-Mods containing price errors had percent differentials ranging from less than one to 9900 percent. Of those six, half had price discrepancies with a percent differential greater than one. The following list contains some examples of incorrect pricing issues that occurred within the three files that had a percent difference greater than one.

- Contractor “D” incorrectly priced a duplex zip jumper at \$1 on its Quick-Mod spreadsheet and uploaded a price of \$36 onto GSA Advantage!™. The actual price should have been \$0.36. The GSA Advantage!™ price had a 9900 percent discrepancy from the correct price. The contractor has removed the product from the GSA Advantage!™ since we performed our testing. For a rack mount kit, the contractor again listed an incorrect price of \$164 on its Quick-Mod spreadsheet and uploaded a price of \$180 onto GSA Advantage!™. The actual price based on our calculation should have been \$155.86. The GSA Advantage!™ price had a 15 percent discrepancy higher than the correct price.
- Contractor “I” did not document the price it would charge GSA on its Quick-Mod spreadsheet, which is counter to the revised Quick-Mod policy. For a digital telephone user guide, the correct price should have been \$8.63; the GSA Advantage!™ price was \$9.00. Though the monetary amounts are small, there was a 4 percent higher difference.
- Contractor “J” correctly priced a tape cartridge for \$2,691.75 on its Quick-Mod spreadsheet, yet uploaded onto GSA Advantage!™ \$3,746.15. This error represented a 39 percent difference. For a component adapter, it again listed a correct price of \$18.47 on its Quick-Mod spreadsheet, but uploaded \$39.25 onto GSA Advantage!™. There is a 112 percent higher difference.

The review found that Quick-Mod spreadsheets containing correct prices did not guarantee that the correlating prices listed on GSA Advantage!™ were also correct (e.g., contractor “J” mentioned above). When incorrect prices are listed on GSA Advantage!™, customers are charged excessive prices that can reduce their purchasing power. In our opinion, COs need to use their own calculations to identify what a product’s actual price should be when reviewing the prices listed on GSA Advantage!™.

Program Guidance

FSS Acquisition Letter FX-03-6 requires COs to review Quick-Mods. However, the majority of COs we interviewed felt they did not have sufficiently detailed guidance on how to accomplish this requirement. As a result, COs did not understand what their duties were under the Program and did not perform effective Quick-Mod reviews. During the audit, we interviewed nine COs participating in the Quick-Mod program about the Quick-Mod Program, CO responsibilities, and Quick-Mod reviews. We found a correlation between a CO’s understanding of their role in the Quick-Mod Program to the number of errors that went undetected in the Quick-Mods. Based upon interviews and evaluation results, we formulated a matrix categorizing the COs’ understanding of: Quick-Mod Program, COs’

responsibilities, and COs' review procedures (see *Exhibit 3*). We found that COs have a stronger understanding of the Quick-Mod Program itself than of their responsibilities and review procedures. Seventy-seven percent of the COs interviewed had a general or strong understanding of the Quick-Mod Program. Forty-four percent had a general or strong understanding of their responsibilities and duties under the Program. Thirty-three percent of the COs interviewed had a general or strong understanding of the Quick-Mod submission review concept (see *Exhibit 4*). A standard methodology detailing how to perform reviews would mitigate this situation. Moreover, a policy advising COs on how to identify and handle contractors abusing the Quick-Mod to circumvent the traditional contract modifications process would also be beneficial.

Exhibit 3. Defining of Understanding			
	Did Not Understand	General Understanding	Strong Understanding
Quick-Mod Program	The CO does not understand the purpose of the Program.	The CO understands at least one of the following aspects of the Quick-Mod Program: (1) Quick-Mod's purpose; (2) how it operates; and (3) the procedural aspects of the Program.	The CO understands: (1) Quick-Mod's purpose; (2) how it operates; and (3) the procedural aspects of the Program.
CO's Responsibilities	The CO either understands his/her duties and doesn't perform them; or does not understand his/her duties and thus does not perform them.	The CO understands his/her duties under the Quick-Mod Program but is not applying them accurately.	The CO (1) understands his/her duties under the Quick-Mod Program and (2) how to apply those duties.
CO's Review Procedures	Either one of the following exists: (1) The CO performs inadequate reviews of the Quick-Mod spreadsheet and the Quick-Mod spreadsheet reviewed has both pricing and product issues; or (2) the CO does not perform a review of spreadsheets.	The CO reviews price and/or product for both the Quick-Mod spreadsheet and GSA Advantage! TM , but the Quick-Mod spreadsheet has product or pricing problems.	The CO reviews price and product for both the Quick-Mod spreadsheet and GSA Advantage! TM and there are no errors in the Quick-Mod spreadsheet.

Exhibit 4. Matrix of COs' Understanding			
	Did Not Understand (No. of COs)	General Understanding (No. of COs)	Strong Understanding (No. of COs)
Quick-Mod Program	2	4	3
CO's Responsibilities	5	1	3
CO's Review Procedures	6	2	1

Conclusion

The lack of management controls over the Quick-Mod Program enabled unauthorized products and incorrect prices to be placed on GSA Advantage!™ without detection. When errors occur, customers are not guaranteed best value on GSA Advantage!™. The review's results show that 80 percent of the 10 Quick-Mods reviewed had errors that show contractors' non-compliance with the Program. Contractors have been made aware of the policy condition, accordingly they either mistakenly entered incorrect data or purposefully abused the Quick-Mod Program. The results of the review illustrate that the Program's inherent "trust factor," which necessitates COs to trust contractors to comply with guidelines, puts both GSA and its customers in a precarious position. Detailed guidelines on how to identify and handle errors would help mitigate the risk. At this time, however, customers have access to products that (1) are not based upon a contractually pre-negotiated rate, or (2) are not fair and reasonable since they exceeded the established pricing structure. Consequently, we feel that FSS should not expand the Quick-Mod program beyond Schedule 70 SIN 132-8.

Recommendations

We recommend that the Acting Commissioner of the Federal Supply Service:

1. Develop a single point of entry database from which both contractors and COs respectively can use to enter and verify Quick-Mods. This eliminates

the need for contractors to submit a separate spreadsheet to COs which is not linked directly to data placed on GSA Advantage!™.

2. Perform an internal workload review to determine if it is reasonable to delegate Quick-Mod review duties to personnel other than COs. FX and FC should discuss the viability of this option with FSS and / or GSA's legal counsel.
3. Provide a standard methodology for the COs and / or other personnel, on how to perform Quick-Mod reviews. Institute supervisory oversight to oversee the CO's implementation of the guidance. Possibly create a reference card that quickly lists what these steps entail (see example in *Appendix B*).
4. Institute a policy that contractors who make repeated mistakes are reviewed on a case-by-case basis to determine if they should still be included in the Quick-Mod Program.
5. Institute a policy that, after COs identify blatant abuse of the Quick-Mod Program, allow them to remove a contractor from the Program.
6. Institute a third party or quality control review of the Quick-Mod Program.

Management Response

Management has reviewed the report and generally concurs with the report recommendations.

1. Management agrees that a single point of entry database is both necessary and feasible. However, in their opinion, the recommendation cannot be executed until they review the technical issues pertaining to implementation of the database.
2. Management concurs with the need to perform an internal workload review and will discuss the option of personnel other than COs performing Quick-Mod review duties with legal counsel.
3. Management agrees that a standard methodology must be established and will work with the Office of the Chief Acquisition Officer (OCAO) to do so.
4. Management strongly concurs that contractors with poor performance need to be reviewed on a case-by-case basis to determine continued eligibility within the Quick-Mod Program and will work with OCAO on this issue.

5. Management agrees that a policy needs to be instituted to manage contractors who blatantly abuse the Quick-Mod Program and will work with OCAO on this issue.
6. Management concurs that a third party or quality control review is necessary and will ask that OCAO examine the Quick-Mod Program in their annual Procurement Management Reviews (PMRs).

Management Controls

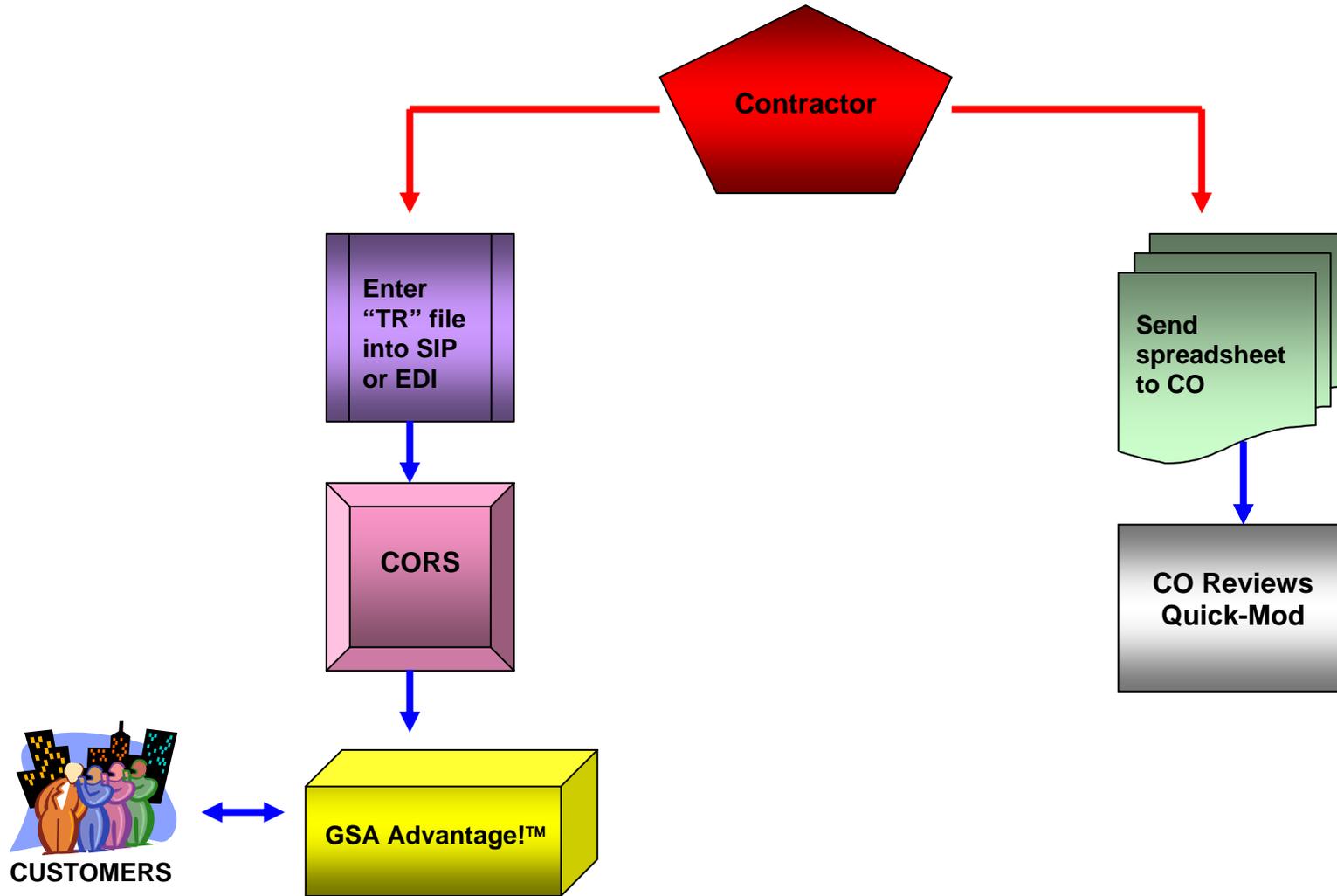
As discussed in the Objective, Scope and Methodology section of this report, the audit focused on aspects of the Quick-Mod Program. Related management control issues are discussed in the context of the audit findings and addressed by the recommendations provided above.

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APPENDICES

APPENDIX A

Current Quick-Mod Process Flow Chart



APPENDIX B

Reference Card Example

*Example Steps**:

- 1.) Select a Quick-Mod sample per the Program's agreed-upon sampling methodology.
- 2.) Review the sample's product descriptions to ensure that all products fall under the SIN 132-8 criteria.
- 3.) Review the sample's prices.
- 4.) If unauthorized products or incorrect prices exceeding the pricing structure are detected, take actions stated in the Quick-Mod policy.
- 5.) Document and save the review for supervisory oversight and review purposes.

**FSS management should determine the steps necessary to perform a review and what should be included on a reference card. The review steps listed above are for demonstration purposes only.*

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APPENDIX C

Management Response



GSA Federal Supply Service

APR - 4 2006

MEMORANDUM FOR KENNETH L. CROMPTON
DEPUTY ASSISTANT INSPECTOR GENERAL
FOR ACQUISITION AUDITS (JA-A)

FROM: G. MARTIN WAGNER *G. M. Wagner*
ACTING COMMISSIONER (F) (FPP)

SUBJECT: GSA Draft Report, "Review of the Federal Supply
Services's Quick-Mod Program" (A060029), dated
March 1, 2006

We have reviewed the subject report and generally agree with the report recommendations. Specific comments on the recommendations are provided in the attached statement.

We appreciate the collaborative way in which the auditors coordinated the draft report with the Office of Acquisition Management. They presented ample opportunity for the Office of Acquisition Management to understand their emerging findings and contribute additional information for their consideration.

Attachment

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(Management Response cont.)

**FSS Comments on the Office of Inspector General Draft Report on the
Review of the Federal Supply Service's Quick-Mod Program (A060029),
Dated March 8, 2006**

General Comments:

The Quick Mod Program is an experimental policy within FSS's Information Technology Acquisition Center (FCI). It allows contractors to modify or add products to GSA Advantage!™ using the databases currently in place: Schedule Input Program (SIP), Electronic Data Interchange (EDI), and Contracting Officer's Review System (CORS). The Program is currently being tested on Special Item Number (SIN) 132-8 under Schedule 70, which encompasses the purchase of IT equipment. When the Program was originally established, 27 contractors signed up to participate. Since then the Quick-Mod Program has been revised and the number of participating contractors has been reduced to 15.

Recommendation a:

Develop a single point of entry database from which both contractors and COs respectively can use to enter and verify Quick-Mods, thus eliminating the need for contractors to submit a separate spreadsheet to COs which is not linked directly to data placed on GSA Advantage!™

Comment:

Concur. We agree with the need and feasibility of developing a single point of entry database from which both contractors and COs may respectively enter and verify Quick-Mods. However, we must hold this recommendation in abeyance while we review the technical issues pertaining to implementation of this proposal. In addition to a system that safeguards prices and products uploaded to GSA Advantage!™, the development of such a database could possibly be a long-term solution that eventually improves the efficiency of the Quick-Mod process.

Recommendation b:

Perform an internal workload review to determine if it is reasonable to delegate Quick-Mod review duties to personnel other than COs. FX and FC should discuss the viability of this option with FSS and/or GSA's legal counsel.

Comment:

Concur. There is a need to perform an internal workload review to determine if it is reasonable to delegate Quick-Mod review duties to personnel other than COs (1102s). The FX and FC centers will discuss the viability of the above option with legal counsel.

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(Management Response cont.)

2

Recommendation c:

Provide a standard methodology for the COs and/or other personnel, on how to perform Quick-Mod reviews. Institute supervisory oversight to oversee the COs implementation of the guidance. Possibly create a reference card that quickly lists what these steps entail.

Comment:

Concur. We will work with the Office of Chief Acquisition Officer (OCAO) to issue policy that includes a standardized methodology for the COs and/or other personnel on how to perform Quick-Mod reviews.

Recommendation d:

Institute a policy that contractors who make repeated mistakes are reviewed on a case-by-case basis to determine if they should still be included in the Quick-Mod Program.

Comment:

We strongly concur with this recommendation. Contractors with poor performance need to be reviewed on a case-by-case basis to determine if they should still be included in the Quick-Mod Program. We will work with the OCAO to issue policy for reviewing contractors who make repeated mistakes.

Recommendation e:

Institute a policy that, after COs identify blatant abuse of the Quick-Mod Program, allows them to remove a contractor from the Program.

Comment:

We concur and will work with the OCAO to include policies for COs to follow regarding contractors who blatantly abuse the Quick-Mod Program. The policies should include proper guidance for notifying contractors.

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(Management Response cont.)

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Recommendation f:

Institute a third party or quality control review of the Quick-Mod Program.

Comment:

We concur and will request that the OCAO include samples of modifications processed under the Quick-Mod Program in their annual Procurement Management Reviews (PMRs).

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APPENDIX D

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